

**SUMMIT ACADEMY OIC  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Summit Academy OIC  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Summit Academy OIC, which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Summit Academy OIC as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of Summit Academy OIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Summit Academy OIC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Summit Academy OIC's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 29, 2021

**SUMMIT ACADEMY OIC  
BALANCE SHEETS  
JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 5,202,846	\$ 2,099,673
Program Service Fee Receivables	807,643	846,026
Pledges Receivable - Current Portion	1,349,819	1,143,976
Other Assets	310,009	217,430
Total Current Assets	7,670,317	4,307,105
<b>PROPERTY AND EQUIPMENT</b>		
Land	465,500	465,500
Building and Building Improvements	8,060,138	7,707,312
Automobiles	53,256	53,256
Furniture and Equipment	2,483,492	1,936,318
Total	11,062,386	10,162,386
Less: Accumulated Depreciation	5,106,948	4,531,014
Net Property and Equipment	5,955,438	5,631,372
<b>OTHER ASSETS</b>		
Restricted Cash and Cash Equivalents	-	29,668
Investments - Long-Term	1,547,808	1,040,528
Pledges Receivable - Long-Term	2,273,386	56,768
Total Other Assets	3,821,194	1,126,964
Total Assets	\$ 17,446,949	\$ 11,065,441
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Capital Leases	\$ 20,060	\$ 14,993
Notes Payable - Current Maturities	-	370,215
Accounts Payable	379,870	211,013
Accrued Payroll and Related Expenses	1,644,902	689,475
Utility Contract Obligation - Short-Term	37,036	37,036
Total Current Liabilities	2,081,868	1,322,732
<b>LONG-TERM LIABILITIES</b>		
Capital Lease Obligations, Less Current Maturities	33,765	28,731
Deferred Rent	104,400	-
Notes Payable, Less Current Maturities	-	1,296,033
Asset Retirement Obligation	246,876	235,120
Utility Contract Obligation - Long-Term	443,150	476,522
Total Long-Term Liabilities	828,191	2,036,406
Total Liabilities	2,910,059	3,359,138
<b>NET ASSETS</b>		
Without Donor Restrictions	9,374,009	5,918,153
With Donor Restrictions	5,162,881	1,788,150
Total Net Assets	14,536,890	7,706,303
Total Liabilities and Net Assets	\$ 17,446,949	\$ 11,065,441

See accompanying Notes to Financial Statements.

**SUMMIT ACADEMY OIC  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Support:						
Government Grants	\$ 5,460,388	\$ -	\$ 5,460,388	\$ 2,466,081	\$ -	\$ 2,466,081
Contributions from Individuals, Corporations, and Foundations	4,075,864	4,654,530	8,730,394	2,325,741	1,575,300	3,901,041
Total Support	<u>9,536,252</u>	<u>4,654,530</u>	<u>14,190,782</u>	<u>4,791,822</u>	<u>1,575,300</u>	<u>6,367,122</u>
Revenue:						
Federal Student Financial Aid	34,048	-	34,048	56,882	-	56,882
State Student Financial Aid	518,463	-	518,463	600,612	-	600,612
Net Tuition	1,136,089	-	1,136,089	1,268,747	-	1,268,747
Rental Income	129,600	-	129,600	118,800	-	118,800
Special Events (Net of Direct Benefits of \$117,897 and \$36,600 for the Years Ended June 30, 2021 and 2020, Respectively)	730,903	-	730,903	543,490	-	543,490
Investment Income	-	250,012	250,012	6,715	62,683	69,398
Other	213,782	-	213,782	126,316	-	126,316
Total Revenue	<u>2,762,885</u>	<u>250,012</u>	<u>3,012,897</u>	<u>2,721,562</u>	<u>62,683</u>	<u>2,784,245</u>
Total	12,299,137	4,904,542	17,203,679	7,513,384	1,637,983	9,151,367
Net Assets Released from Restrictions	<u>1,560,696</u>	<u>(1,560,696)</u>	<u>-</u>	<u>1,944,093</u>	<u>(1,944,093)</u>	<u>-</u>
Total Support and Revenue	13,859,833	3,343,846	17,203,679	9,457,477	(306,110)	9,151,367

See accompanying Notes to Financial Statements.

**SUMMIT ACADEMY OIC  
STATEMENTS OF ACTIVITIES (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>EXPENSES</b>						
Program Services:						
Training	\$ 4,441,248	\$ -	\$ 4,441,248	\$ 4,014,799	\$ -	\$ 4,014,799
Service	1,955,631	-	1,955,631	2,021,868	-	2,021,868
Advocacy	371,065	-	371,065	192,767	-	192,767
Total Program Services	<u>6,767,944</u>	<u>-</u>	<u>6,767,944</u>	<u>6,229,434</u>	<u>-</u>	<u>6,229,434</u>
Supporting Services:						
Management and General	2,435,938	-	2,435,938	1,337,923	-	1,337,923
Fellowships and Scholarships	1,201,453	-	1,201,453	79,703	-	79,703
Rental Property	188,247	-	188,247	178,536	-	178,536
Fundraising	581,995	-	581,995	516,116	-	516,116
Total Supporting Services	<u>4,407,633</u>	<u>-</u>	<u>4,407,633</u>	<u>2,112,278</u>	<u>-</u>	<u>2,112,278</u>
Total Expenses	<u>11,175,577</u>	<u>-</u>	<u>11,175,577</u>	<u>8,341,712</u>	<u>-</u>	<u>8,341,712</u>
<b>CHANGE IN OPERATING NET ASSETS</b>	2,684,256	3,343,846	6,028,102	1,115,765	(306,110)	809,655
<b>NONOPERATING ACTIVITY</b>						
Capital Campaign Revenue	-	-	-	-	411	411
Endowment Pledge Bad Debt						
(Expense) Recovery	-	30,885	30,885	-	(7,256)	(7,256)
PPP Loan Forgiveness	771,600	-	771,600	-	-	-
Total Nonoperating Activity	<u>771,600</u>	<u>30,885</u>	<u>802,485</u>	<u>-</u>	<u>(6,845)</u>	<u>(6,845)</u>
<b>CHANGE IN NET ASSETS</b>	3,455,856	3,374,731	6,830,587	1,115,765	(312,955)	802,810
Net Assets - Beginning of Year	<u>5,918,153</u>	<u>1,788,150</u>	<u>7,706,303</u>	<u>4,802,388</u>	<u>2,101,105</u>	<u>6,903,493</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 9,374,009</u>	<u>\$ 5,162,881</u>	<u>\$ 14,536,890</u>	<u>\$ 5,918,153</u>	<u>\$ 1,788,150</u>	<u>\$ 7,706,303</u>

See accompanying Notes to Financial Statements.

**SUMMIT ACADEMY OIC  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	Program Services				Supporting Services					
	Training	Service	Advocacy	Total	Management and General	Fellowship and Scholarships	Rental Property	Fundraising	Capital Campaign Fundraising	Total
Salaries	\$ 2,474,685	\$ 1,290,524	\$ 20,608	\$ 3,785,817	\$ 1,671,254	\$ -	\$ 49,280	\$ 343,046	\$ -	\$ 5,849,397
Fringe Benefits	473,931	264,434	5,005	743,370	186,732	-	9,404	48,322	-	987,828
Professional Fees	338,776	104,127	262,825	705,728	209,128	-	1,572	145,147	-	1,061,575
Depreciation	331,163	110,502	2,006	443,671	39,725	-	75,144	17,392	-	575,932
Occupancy and Utilities	258,872	36,984	711	296,567	22,724	-	48,471	5,793	-	373,555
Equipment Rental and Maintenance	24,735	12,725	234	37,694	3,118	-	3,004	1,739	-	45,555
Classroom Supplies	220,432	11,953	-	232,385	-	-	-	-	-	232,385
Postage and Office Supplies	20,186	23,824	73	44,083	21,832	-	328	3,795	-	70,038
Training, Meetings, and Staff Travel	2,148	10,102	-	12,250	5,459	-	12	1,533	-	19,254
Public Relations and Recruiting	266,860	-	67,000	333,860	25,000	-	-	21,500	-	380,360
Student Assistance	14,348	55,269	-	69,617	-	1,201,453	-	-	-	1,271,070
Dues and Subscriptions	11,916	17,539	-	29,455	30,794	-	-	16,379	-	76,628
Bank Charges and Interest	-	21	-	21	45,786	-	-	10,464	-	56,271
General Operating Expenses	3,196	17,627	12,603	33,426	62,980	-	1,032	(33,115)	-	64,323
CARES Act Institutional	-	-	-	-	111,406	-	-	-	-	111,406
Subtotal	4,441,248	1,955,631	371,065	6,767,944	2,435,938	1,201,453	188,247	581,995	-	11,175,577
Plus Special Events Expenses	-	-	-	-	-	-	-	117,897	-	117,897
Less Bad Debt Recoveries	-	-	-	-	-	-	-	-	(30,885)	(30,885)
Total Expenses	\$ 4,441,248	\$ 1,955,631	\$ 371,065	\$ 6,767,944	\$ 2,435,938	\$ 1,201,453	\$ 188,247	\$ 699,892	\$ (30,885)	\$ 11,262,589

See accompanying Notes to Financial Statements.



**SUMMIT ACADEMY OIC  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program Services				Supporting Services					
	Training	Service	Advocacy	Total	Management and General	Fellowship and Scholarships	Rental Property	Fundraising	Capital Campaign Fundraising	Total
Salaries	\$ 2,183,742	\$ 1,283,238	\$ 13,129	\$ 3,480,109	\$ 796,124	\$ -	\$ 48,144	\$ 307,515	\$ -	\$ 4,631,892
Fringe Benefits	455,176	281,411	961	737,548	126,656	-	10,290	51,689	-	926,183
Professional Fees	342,155	96,758	92,094	531,007	189,407	-	1,573	16,471	-	738,458
Depreciation	252,978	80,027	292	333,297	44,205	-	66,782	13,609	-	457,893
Occupancy and Utilities	151,118	37,742	96	188,956	21,758	-	48,280	6,209	-	265,203
Equipment Rental and Maintenance	18,477	11,406	28	29,911	2,955	-	1,476	1,833	-	36,175
Classroom Supplies	201,571	12,216	-	213,787	21	-	78	3	-	213,889
Postage and Office Supplies	28,885	40,373	31	69,289	17,158	-	606	6,559	-	93,612
Training, Meetings, and Staff Travel	27,453	11,588	-	39,041	12,646	-	48	4,919	-	56,654
Public Relations and Recruiting	261,244	-	76,500	337,744	25,000	-	-	12,035	-	374,779
Student Assistance	18,649	96,250	-	114,899	-	79,703	-	-	-	194,602
Dues and Subscriptions	21,015	17,865	-	38,880	15,138	-	-	12,646	-	66,664
Bank Charges and Interest	-	1,524	-	1,524	57,934	-	-	5,864	-	65,322
MJSP Program In-Kind	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	9,872	9,709	1,818	21,399	1,011	-	237	21,871	7,256	51,774
Food Purchases	4,714	2,468	226	7,408	1,543	-	-	852	-	9,803
Other	37,750	39,293	7,592	84,635	26,367	-	1,022	54,041	-	166,065
Subtotal	4,014,799	2,021,868	192,767	6,229,434	1,337,923	79,703	178,536	516,116	7,256	8,348,968
Plus Special Events Expenses	-	-	-	-	-	-	-	36,600	-	36,600
Total Expenses	\$ 4,014,799	\$ 2,021,868	\$ 192,767	\$ 6,229,434	\$ 1,337,923	\$ 79,703	\$ 178,536	\$ 552,716	\$ 7,256	\$ 8,385,568

See accompanying Notes to Financial Statements.

**SUMMIT ACADEMY OIC  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 6,830,587	\$ 802,810
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized Gain on Investments	(219,751)	(54,967)
Revenue from Solar Panel Contract	-	(31,442)
Depreciation	575,932	457,893
Gain on Lease Termination	-	-
Asset Retirement Obligation	11,756	11,196
PPP Loan Forgiveness	(771,600)	-
Bad Debt Expense	58,000	51,774
Change in Current Assets and Liabilities:		
Program Service Fee Receivables	38,383	(270,128)
Pledges Receivable	(2,480,461)	122,062
Other Assets	(92,579)	(1,826)
Accounts Payable	168,857	(103,382)
Solar Panel Contract	(33,372)	-
Accrued Payroll and Related Expenses	955,427	287,128
Net Cash Provided by Operating Activities	5,041,179	1,271,118
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(289,902)	(985,200)
Proceeds from Sale of Investments	2,373	(361)
Purchase of Property and Equipment	(899,998)	(719,852)
Net Cash Used by Investing Activities	(1,187,527)	(1,705,413)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Debt	(869,896)	(26,717)
Deferred Rent	104,400	-
Cash Received from Capital Campaign	-	352,900
Line of Credit Advances	-	377,200
Line of Credit Payments	-	(377,200)
Cash Received from PPP Loan	-	771,602
Payments on Capital Leases	(14,651)	(12,381)
Net Cash Provided (Used) by Financing Activities	(780,147)	1,085,404
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,073,505	651,109
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,129,341	1,478,232
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 5,202,846	\$ 2,129,341
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Noncash Disclosures:		
Cash Payments for Interest	\$ 56,271	\$ 65,322
Solar Panel Equipment Acquired Under Utility Contract	\$ -	\$ 545,000
Donated Stock	\$ 68,554	\$ 43,763
Net Capital Campaign Activity	\$ 30,885	\$ (6,845)
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents	\$ 5,202,846	\$ 2,099,673
Restricted Cash and Cash Equivalents	-	29,668
Total Cash and Cash Equivalents	\$ 5,202,846	\$ 2,129,341

See accompanying Notes to Financial Statements.

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Summit Academy OIC (the Organization), a nonprofit organization based in Minneapolis, Minnesota, trains and retrains the unemployed and underemployed, secures placement for trainees in jobs, and promotes other educational and developmental programs. The Organization has been accredited as a post-secondary vocational school by the Council on Occupational Education.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Financial Statement Presentation**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Without Donor Restriction* – Those resources over which the board of directors has discretionary control.

*With Donor Restriction* – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time or to be held in perpetuity.

**Measurement of Operations**

In its statements of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its program and supporting activities. Nonoperating activity consists primarily of contributions and expenses relating to the capital campaign and forgiveness of the PPP loan.

**Cash**

The Organization maintains its cash in checking, savings, certificate of deposits, and money market accounts which, at times, may exceed federally insured limits.

**Program Service Fee Receivables**

Program service fee receivables are recorded for amounts that have been earned on government contracts during the fiscal year, as well as amounts due for the annual golf event. The Organization provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Services are performed on an unsecured basis based on the related contract and no interest is charged. An allowance is provided for receivables when a significant pattern of collectability has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance, which is typically done at year-end. At June 30, 2021 and 2020, no allowance for doubtful accounts was considered necessary.

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pledges Receivable**

Promises to give are recorded at their net realizable value. Long-term promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is received. Conditional promises to give are not included as support until such time as the conditions are substantially met. As of June 30, 2021 and 2020, an allowance for uncollectible pledges receivable of \$15,000 and \$81,257, respectively, was recorded.

**Investments**

Investments are carried at fair value, based upon quoted market prices. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur due to market fluctuation and that such changes could materially affect the amounts reported in the statements of financial position. Changes in quoted market value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are determined using the average cost method and are recorded on a trade-date basis.

**Property and Equipment**

Property and equipment includes fixed assets stated at cost at date of acquisition or fair market value at date of donation in the case of donated property. The Organization capitalizes all additions greater than \$1,000. Depreciation of property and equipment is computed on the straight-line basis. The estimated useful lives in determining depreciation are:

Building and Building Improvements	10 to 30 Years
Furniture and Equipment	3 to 30 Years
Automobiles	5 Years

**Unemployment Trust**

The Organization participates in a trust in which premium payments are deposited to administer self-insurance unemployment claims. The balance as of June 30, 2021 and 2020 was \$218,068 and \$166,763, respectively, and is recorded in Other Assets.

**Asset Retirement Obligation**

The Organization has recorded an obligation to dispose of assets that are legally required to be removed at a future date. This obligation has been recorded at its estimated fair value using the net present value of the future obligation using a risk-free interest rate and an estimated inflationary rate.

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Utility Contract Obligation**

As discussed in Note 10, the Organization entered into three solar array agreements with Green2Solar Leasing. As part of this agreement, Green2Solar Leasing advanced \$545,000 to Summit Academy OIC to pay for solar equipment purchased. The \$545,000 will be amortized over the life of the three solar agreements (see Note 10 for agreement terms). As of June 30, 2021, the utility contract obligation is the remaining amount not amortized on this agreement.

**Deferred Financial Aid Revenue**

The Organization charges tuition to its students for a 20-week training program. The financial aid awarded a student for the tuition charge is recorded as deferred revenue on day one of classes and then recognized on a monthly basis as the class session progresses through the 20 weeks.

**Governmental Grants, Financial Aid Revenue, and Contracts**

Governmental grants, financial aid revenue, and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made or the required services are provided. Funds received but not yet earned are shown as deferred revenue. Expenditures under governmental contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

A portion of the Organization's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization received cost reimbursable grants of \$3,576,396 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

**Contributions**

Contributions, unconditional promises to give (pledges receivable), and contributions of donated stock are recognized at fair values and are recorded as made. All contributions are available for general use unless specifically restricted by the donor.

Donor-restricted contributions are reported as increases in donor-restricted net assets. When these restrictions expire, donor-restricted net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

**Tax Status**

Summit Academy OIC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota Statutes. Summit Academy OIC is not considered a private foundation and contributions to the Organization are considered tax deductible.

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax Status (Continued)**

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization's tax returns are subject to review and examination by federal and state authorities.

**Use of Estimates**

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

The costs of providing program services and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Salary costs are charged directly to the program they relate to and related costs are allocated based on full-time equivalents. Other costs have been allocated among the program and the supporting services based on full-time equivalents or square footage.

**Fair Value Hierarchy**

In accordance with accounting standards, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for the identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the University has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

*Level 2* – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Hierarchy (Continued)**

The fair value of investments measured on a recurring basis were as follows as of June 30:

	2021			Total
	Level 1	Level 2	Level 3	
Exchange Traded Funds - International Equities	\$ 306,273	\$ -	\$ -	\$ 306,273
Exchange Traded Funds - U.S. Bonds	600,897	-	-	600,897
Exchange Traded Funds - U.S. Equities	640,466	-	-	640,466
Cash	-	-	-	172
Total Investments	<u>\$ 1,547,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,547,808</u>

  

	2020			Total
	Level 1	Level 2	Level 3	
Exchange Traded Funds - International Equities	\$ 126,332	\$ -	\$ -	\$ 126,332
Exchange Traded Funds - U.S. Bonds	231,319	-	-	231,319
Exchange Traded Funds - U.S. Equities	259,060	-	-	259,060
Cash	-	-	-	423,817
Total Investments	<u>\$ 616,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040,528</u>

**Revenue Recognition**

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to our customers (students), in an amount that reflects the consideration we expect to be entitled in exchange for those goods or services.

The Organization has five twenty-week cohorts. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, proratably over the term of the related semester. Any payments received prior to fiscal year end related to academic terms that occur subsequent to fiscal year end are recorded as deferred revenue in the accompanying statements of financial position.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's cohort. Generally, payments for tuition are due prior to the start of the academic terms. Most students obtain Title IV or other financial aid resulting in the Organization receiving a significant amount of the transaction price at the beginning of the academic term.

**Change in Accounting Principle**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. There was no material impact to the financial statements upon adoption of this standard.

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Risks and Uncertainties**

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 29, 2021, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY**

The following table reflects the Organization's financial assets as of June 30 that are available to meet general expenditures within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 5,202,846	\$ 2,099,673
Program Service Fee Receivables	807,643	846,026
Pledges Receivable - Current Portion	1,349,819	1,143,976
Pledges Receivable - Long-Term Portion	2,273,386	56,768
Less: Restricted Net Assets (Included Above)	(3,615,073)	(747,622)
Add: Time Restricted Net Assets Available with One Year	1,181,667	407,137
Total Financial Assets	<u>\$ 7,200,288</u>	<u>\$ 3,805,958</u>

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.



**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 3 CONCENTRATIONS**

The Organization maintains a portion of its cash balance in accounts which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits. One account held by the Organization was over the FDIC limit at June 30, 2021 in the amount of \$4,665,141. There were three accounts held by the Organization that were over the FDIC limit at June 30, 2020 in the amount of \$2,053,722.

The Organization receives much of its funding through grants to fund programs. A significant amount of the Organization's program service revenue and program service fee receivables is from a limited number of governmental agencies for 2021 and 2020.

During the year 2021, two entities represented 47% of the contributions received during the year. During the year 2020, one entity represented 10% of the contributions received during the year.

At June 30, 2021, two entities made up 77% of support receivables. At June 30, 2020, one entity made up 16% of support receivables.

At June 30, 2021, no entities made up over 10% of program receivables. At June 30, 2020, two entities made up 41% of program receivables.

**NOTE 4 PLEDGES RECEIVABLE**

Pledges receivable consist of the following:

	2021	2020
Annual Pledges Receivable	\$ 3,572,498	\$ 995,160
Capital Campaign Pledges Receivable	103,987	286,841
Allowance for Uncollectible Pledges	(15,000)	(78,025)
Unamortized Discount	(38,280)	(3,232)
Total	<u>\$ 3,623,205</u>	<u>\$ 1,200,744</u>
Amounts Due in:		
Less than One Year	\$ 1,349,819	\$ 1,143,976
One to Five Years	2,273,386	56,768
Total	<u>\$ 3,623,205</u>	<u>\$ 1,200,744</u>

The imputed interest rate utilized for computing the discount for long-term pledges was 0.87% and 2.25% for years ended June 30, 2021 and 2020, respectively.

**SUMMIT ACADEMY OIC**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 INVESTMENTS**

Investments consist of the following as of June 30:

2021		
Exchange Traded Funds - International Equities	\$	306,273
Exchange Traded Funds - U.S. Bonds		600,897
Exchange Traded Funds - U.S. Equities		640,466
Cash		172
Total Investments	\$	1,547,808
2020		
Exchange Traded Funds - International Equities	\$	126,332
Exchange Traded Funds - U.S. Bonds		231,319
Exchange Traded Funds - U.S. Equities		259,060
Cash		423,817
Total Investments	\$	1,040,528

**NOTE 6 NOTES PAYABLE**

The Organization entered into a First Mortgage Note with a bank to borrow \$1,000,000. This note is secured by a First Mortgage and Security Agreement which grant the Mortgagor a security interest in all of the Organization’s real property, personal property, profits on rental of property, and all judgments or awards made as a result of eminent domain. Effective April 20, 2016, this note was renewed at a rate of 4.00% per annum. The interest rate is subject to change based on changes in the prime rate (currently 5.50%) beginning in May 2021 but may not change more often than once every five years. Payments include 60 monthly principal and interest payments of \$5,308 beginning May 15, 2016 and 59 monthly principal and interest payments of \$5,910 beginning May 15, 2021. A balloon payment for the remaining principal amount of \$737,335 will be due on April 15, 2026. The note was paid in full during the year ended June 30, 2021. As of June 30, 2021 and 2020, the outstanding balance on this note was \$-0- and \$894,648, respectively.

The Organization also entered into a Revolving Line of Credit during 2016. Available borrowings under the line of credit are \$1,200,000. Interest is payable monthly at 1.00% above the bank’s index rate (3.25% at June 30, 2021), with a floor on the interest rate of 5.00%. The note is due on demand, but if no demand is made, the note was originally due in full on November 15, 2019. Effective December 10, 2020, the note was renewed until November 15, 2021. The note is secured by a mortgage on the property located at 935 Olson Memorial Highway and all business assets. No balance was due as of June 30, 2021 or 2020.

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 NOTES PAYABLE (CONTINUED)**

The Organization entered into a Promissory Note effective September 10, 2019. Available borrowings under the promissory note was \$356,000. Interest was payable monthly at 3.92% and adjusted with a margin up to 2.50% as necessary. The note was paid off and matured in June 2020.

On April 18, 2020, the Organization received a loan from MidWestOne Bank in the amount of \$771,600 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 18, 2020, principal and interest payments will be required through the maturity date in April 18, 2022. The PPP loan was forgiven during fiscal year 2021.

As of June 30, 2021 and 2020, there were outstanding note payable balances of \$-0- and \$1,666,248, respectively.

**NOTE 7 NET ASSETS**

**Donor-Restricted Net Assets**

Net assets with donor restrictions consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Time Restricted Pledges	\$ 3,445,053	\$ 407,137
Purpose Restricted for Programs	117,105	59,389
Purpose Restricted, Earnings on Endowment	316,178	67,994
Total	<u>\$ 3,878,336</u>	<u>\$ 534,520</u>
<b>Held in Perpetuity</b>	<u>2021</u>	<u>2020</u>
Building and Maintenance	\$ 642,273	\$ 626,815
Innovation/Strategic Opportunity Fund	642,272	626,815
Total	<u>\$ 1,284,545</u>	<u>\$ 1,253,630</u>
Total Restricted Net Assets	<u>\$ 5,162,881</u>	<u>\$ 1,788,150</u>

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 7 NET ASSETS (CONTINUED)**

**Restrictions Released**

Net assets restrictions were released as a result of the following conditions being met:

	2021	2020
Program Expenditures	\$ 196,814	\$ 790,911
Time Restrictions Met	1,363,882	1,153,182
Total	<u>\$ 1,560,696</u>	<u>\$ 1,944,093</u>

**NOTE 8 ENDOWMENT**

**Donor-Restricted Endowments**

Summit Academy OIC has donor-restricted endowment funds established for building and maintenance and innovation/strategic opportunity. Net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The board of trustees of Summit Academy OIC has interpreted the state's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, Summit Academy OIC classifies as net assets with donor restrictions the original value of the gifts to the donor-restricted endowment, the value of subsequent gifts to the donor-restricted endowment, and accumulated earnings that are required to be classified as donor-restricted based on donor stipulations. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction held in perpetuity is classified as net assets with donor restriction that is purpose restricted until those amounts are appropriated for expenditure by Summit Academy OIC in a manner consistent with the standard of prudence prescribed by UPMIFA.

**Funds with Deficiencies**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2021 and 2020, Summit Academy OIC had no endowment funds that were underwater.

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 ENDOWMENT (CONTINUED)**

**Return Objectives and Risk Parameters, Investment and Spending Policies**

Summit Academy OIC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Summit Academy OIC must hold in perpetuity. Under this policy, as approved by the board of trustees, the endowment assets having exceeded a cash balance is \$500,000 have been invested in a manner intended to produce results that meet or exceed the price and yield results of a moderate allocation model. The board will review annually the management of funds and its decision to manage the fund internally or hire an external investment manager to manage the funds to meet Summit Academy OIC board's requirements.

**Return Objectives and Risk Parameters, Investment and Spending Policies**

Changes in donor-restricted endowment net assets for the years ended June 30 were as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund Balance, June 30, 2020	\$ -	\$ 1,321,624	\$ 1,321,624
Contributions	-	-	-
Bad Debt (Expense) Recovery	-	30,885	30,885
Investment Income	-	250,012	250,012
Appropriations	-	(1,798)	(1,798)
Endowment Fund Balance, June 30, 2021	<u>\$ -</u>	<u>\$ 1,600,723</u>	<u>\$ 1,600,723</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund Balance Restated, June 30, 2019	\$ -	\$ 1,265,786	\$ 1,265,786
Contributions	-	411	411
Bad Debt	-	(7,256)	(7,256)
Investment Income	-	62,683	62,683
Appropriations	-	-	-
Endowment Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ 1,321,624</u>	<u>\$ 1,321,624</u>

Once the funds are invested, investment income from certain donor-restricted assets held in perpetuity, by order of the gift requirements, will be classified as income without donor restrictions that is purpose restricted.

**SUMMIT ACADEMY OIC**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9 LEASES**

On September 14, 2018, the Organization entered into one lease for three copiers, which requires 60 monthly payments of \$1,249. On January 15, 2021, the Organization entered into one lease for one copier, which requires 60 monthly payments of \$425. Future obligations on the leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 20,060
2023	20,126
2024	7,593
2025	<u>8,569</u>
Total Payments	56,348
Less: Amount Representing Interest	<u>(2,523)</u>
Present Value of Minimum Lease Payments	53,825
Less: Current Maturities	<u>(20,060)</u>
Noncurrent Portion of Obligations Under Capital Lease	<u><u>\$ 33,765</u></u>

The following represent the value of capital leases that are capitalized as furniture and equipment at June 30. Amortization expense is included with depreciation expense in the financial statements.

	<u>2021</u>	<u>2020</u>
Cost	\$ 90,702	\$ 65,950
Accumulated Depreciation	<u>(36,877)</u>	<u>(22,226)</u>
Net Equipment	<u><u>\$ 53,825</u></u>	<u><u>\$ 43,724</u></u>

**NOTE 10 SOLAR ARRAY AGREEMENT**

During the 2020, Summit Academy OIC entered into three separate agreements to purchase power from Green2Solar Leasing. The power will be generated from the solar array atop of the Organization's building. The agreements require Summit Academy OIC to purchase the solar equipment from another Organization, Ideal Energies, for a total of \$545,000. As part of the agreements with Green2Solar Leasing, Summit Academy OIC was advanced \$545,000 from Green2Solar Leasing as a pre-payment on the agreement. Summit Academy OIC used these proceeds to purchase the solar equipment.

As a result of the agreements, Summit Academy OIC has a utility contract obligation of \$545,000 which is presented as a liability on the statement of financial position. The utility contract obligation will be amortized over the life of the agreement with Green2Solar Leasing. Approximately \$275,000 will be amortized over 13 years and \$270,000 will be amortized over 17 years. As of June 30, 2021 and 2020, the utility contract obligation was \$480,186 and \$513,558, respectively.

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 11 RENTAL INCOME**

The Organization has a lease agreement to lease part of their building to Summit Early Learning Center, Inc. Effective January 1, 2016, rent on this lease is based on a month-to-month basis with monthly payments of \$10,800. The total lease amount for each of the fiscal years 2021 and 2020 was \$129,600 and \$118,800, respectively.

**NOTE 12 EMPLOYEE BENEFIT PLAN**

The Organization has a 401(k) profit-sharing plan to which it makes an annually determined discretionary contribution up to a maximum of 4% of employee compensation. All employees who meet certain minimum employment and age requirements are eligible to participate. The Organization's discretionary contribution to the plan was \$98,284 and \$87,699 for 2021 and 2020, respectively.

**NOTE 13 COMPOSITE SCORE**

The Organization participates in various federally funded student financial aid programs. Under regulatory provisions of these programs, the Organization is required to demonstrate financial responsibility by meeting a certain composite score based on a formula developed by the Department of Education. This score uses financial ratios based on the Organization's audited financial statements. The composite score calculated reflects the overall relative financial health of institutions along a scale of negative 1.0 to positive 3.0.

The composite score for the year ended June 30, 2021 is as follows:

Primary Reserve Ratio:

Expendable Net Assets	\$	9,320,973	
Total Expenses/Losses	\$	11,175,577	0.83

Equity Ratio:

Modified Net Assets	\$	14,536,890	
Modified Assets	\$	17,446,949	0.83

Net Income Ratio:

Change in Net Assets Without Donor Restrictions	\$	3,455,856	
Total Revenues/Gains	\$	13,859,833	0.25

RATIO	Ratio	Strength Factor	Weight	Composite Scores
Primary Reserve Ratio	0.8340	3.0000	40%	1.2
Equity Ratio	0.8332	3.0000	40%	1.2
Net Income Ratio	0.2493	3.0000	20%	0.6
				3.0

**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 13 COMPOSITE SCORE (CONTINUED)**

<b>Primary Reserve Ratio:</b>			
	<b>Expendable Net Assets:</b>		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	\$ 9,374,009
2	SFP	Net assets with donor restrictions	\$ 5,162,881
3	Note 7	Net assets restricted in perpetuity	\$ (1,284,545)
4	N/A	Unsecured related-party receivable	\$ -
5	N/A	Donor restricted annuities, term endowments, life income funds	\$ -
6	Note 13	Property, plant, and equipment pre-implementation, net book value June 30, 2020	\$ (4,007,623)
		Property, plant, and equipment post-implementation with outstanding debt for original purchase	\$ 24,752
7	N/A		
8	N/A	Construction in progress purchased with long-term debt	\$ -
9	N/A	Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)	\$ -
10	N/A	Lease right-of-use asset, post-implementation	\$ -
11	SFP	Intangible assets	\$ -
12	SFP	Post-employment and pension liabilities	\$ -
13	Note 13	Long-term debt - for long-term purposes pre-implementation	\$ 51,499
14	N/A	Long-term debt - for long-term purposes post-implementation	\$ -
15	N/A	Line of credit for construction in progress	\$ -
16	N/A	Pre-implementation right-of-use asset liability	\$ -
17	N/A	Post-implementation right-of-use asset liability	\$ -
		<b>Total Expendable Net Assets</b>	<b>\$ 9,320,973</b>
		<b>Total Expenses and Losses:</b>	
18	Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions	\$ 11,175,577
19	SOA	Non-service component of pension/postemployment (nonoperating) cost, (if loss)	\$ -
20	N/A	Sale of fixed assets (if loss)	\$ -
21	SOA	Change in value of interest-rate swap agreements (if loss)	\$ -
		<b>Total Expenses and Losses</b>	<b>\$ 11,175,577</b>
	<b>Equity Ratio:</b>		
		<b>Modified Net Assets:</b>	
22	SFP	Net assets without donor restrictions	\$ 9,374,009
23	SFP	Net assets with donor restrictions	\$ 5,162,881
24	SFP	Intangible assets	\$ -
25	N/A	Unsecured related-party receivables	\$ -
		<b>Total Modified Net Assets</b>	<b>\$ 14,536,890</b>
		<b>Modified Assets:</b>	
26	SFP	Total assets	\$ 17,446,949
27	N/A	Lease right-of-use asset pre-implementation	\$ -
28	SFP	Intangible assets	\$ -
29	N/A	Unsecured related-party receivables	\$ -
		<b>Total Modified Assets</b>	<b>\$ 17,446,949</b>
	<b>Net Income Ratio:</b>		
30	SOA	<b>Change in Net Assets Without Donor Restrictions</b>	<b>\$ 3,455,856</b>
		<b>Total Revenues and Gains:</b>	
31	SOA	Total operating revenue (including net assets released from restrictions)	\$ 13,859,833
		Investments gain, net (aggregate operating and non-operating interest, dividends, realized and unrealized gains)	\$ -
32	SOA		
33	SOA	Non-service component of pension/postemployment (nonoperating) cost (if gain)	\$ -
34	SOA	Pension-related changes other than net periodic pension costs (if gain)	\$ -
35	SOA	Change in value of annuity agreement (typically in nonoperating)	\$ -
36	SOA	Change in value of interest-rate swap agreements (if gain)	\$ -
37	N/A	Sale of fixed assets (if gain)	\$ -
38	SOA	Other gains	\$ -
		<b>Total Revenues and Gains</b>	<b>\$ 13,859,833</b>



**SUMMIT ACADEMY OIC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 13 COMPOSITE SCORE (CONTINUED)**

**Net Assets**

1	Net assets with donor restrictions: restricted in perpetuity	\$	1,284,545
2	Other net assets with donor restrictions (not restricted in perpetuity):		
	a. Annuities with donor restrictions		-
	b. Term endowments		-
	c. Life income funds (trusts)		-
	d. Total annuities, term endowments, and life income funds with donor restrictions	\$	-

**Property, Plant, and Equipment, net**

3	Pre-implementation property, plant, and equipment, net		
	a. Ending balance of last financial statements submitted to and accepted by the Department of Education (June 30, 2020, financial statement)	\$	4,377,111
	b. Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard		-
	c. Less subsequent depreciation and disposals (net of accumulated depreciation)		(369,488)
	d. Balance pre-implementation property, plant, and equipment, net		4,007,623
4	Debt financed post-implementation property, plant, and equipment, net		
	Long-lived assets acquired with debt subsequent to June 30, 2020:		
	a. Equipment		24,752
	b. Land improvements		-
	c. Building		-
	d. Total property, plant, and equipment, net acquired with debt exceeding 12 months		24,752
5	Construction in progress - acquired subsequent to June 30, 2020		-
6	Post-implementation property, plant, and equipment, net, acquired without debt:		
	a. Long-lived assets acquired without use of debt subsequent to June 30, 2020		1,923,063
7	Total Property, Plant, and Equipment, net - June 30, 2021	\$	5,955,438

**Debt to be excluded from expendable net assets**

8	Pre-implementation debt:		
	a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2020):	\$	939,363
	b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.		-
	c. Less subsequent debt repayments		(912,616)
	d. Balance Pre-implementation Debt		26,747
9	Allowable post-implementation debt used for capitalized long-lived assets:		
	a. Equipment - all capitalized		24,752
	b. Land improvements		-
	c. Buildings		-
	d. Balance Post-implementation Debt		24,752
10	Construction in progress (CIP) financed with debt or line of credit		-
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value		2,326
		\$	53,825

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